EXHIBIT 2
DATE 1-19-07
HB 2

DEPARTMENT OF PUBLICH HEALTH AND HUMAN SERVICES
Technology Services Division

DIVISION PROGRAM CONTACTS

The department, division, program director and chief financial officer for the department, division, program and their contact information are:

Administrator	Mary Angela Collins	444-4133	mcollins@mt.gov
Financial Manger	Sheri L. Vukasin	444-2748	svukasin@mt.gov
External Systems Bureau	Jeff Widner		
Information Services Bureau	Dan Forbes	444-1794	dforbes@mt.gov
Network and Communications Bureau	Teri Lundberg	444-1922	tlundberg@mt.gov
Business Strategies and Operations Bureau	Alicia Pichette	444-9402	apichette@mt.gov

WHAT THE DIVISION DOES

The Technology Services Division (TSD) is responsible for all agency information technology. Responsibilities include major system development, database management, internal systems development, network management, desktop services and help desk.

Statutory Authority for the Division

Statutory authority is in Title 17 and Title 40, MCA, and Title IV of the Social Security Act, Section 06, P.L. 96-265.
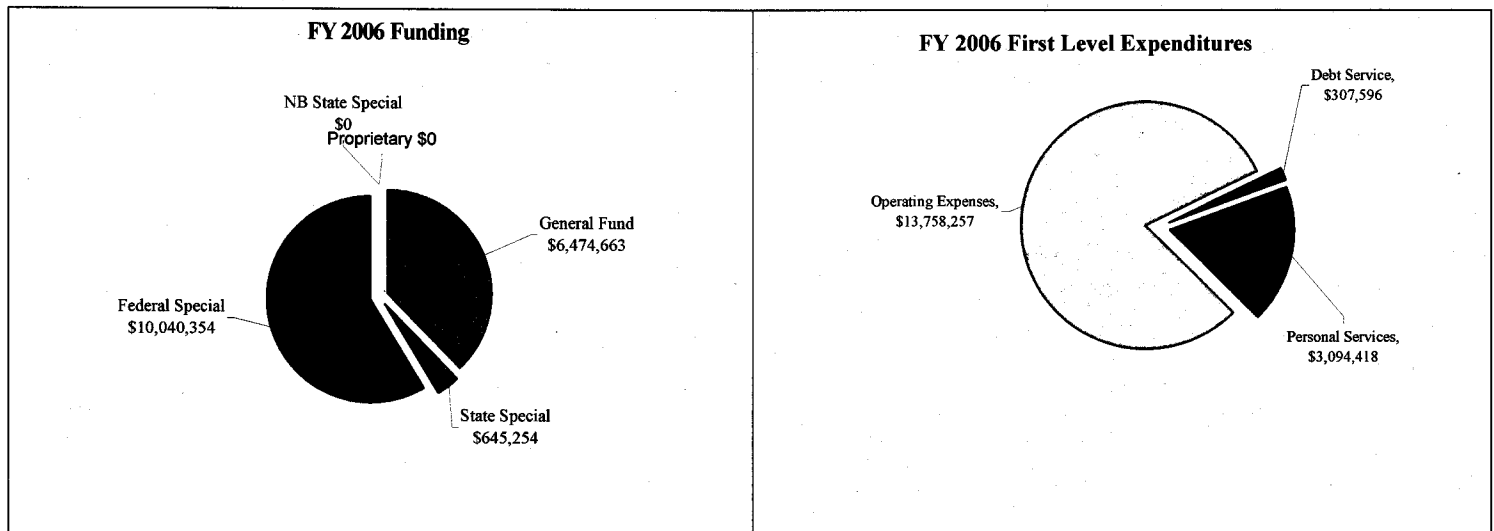
HOW SERVICES ARE PROVIDED

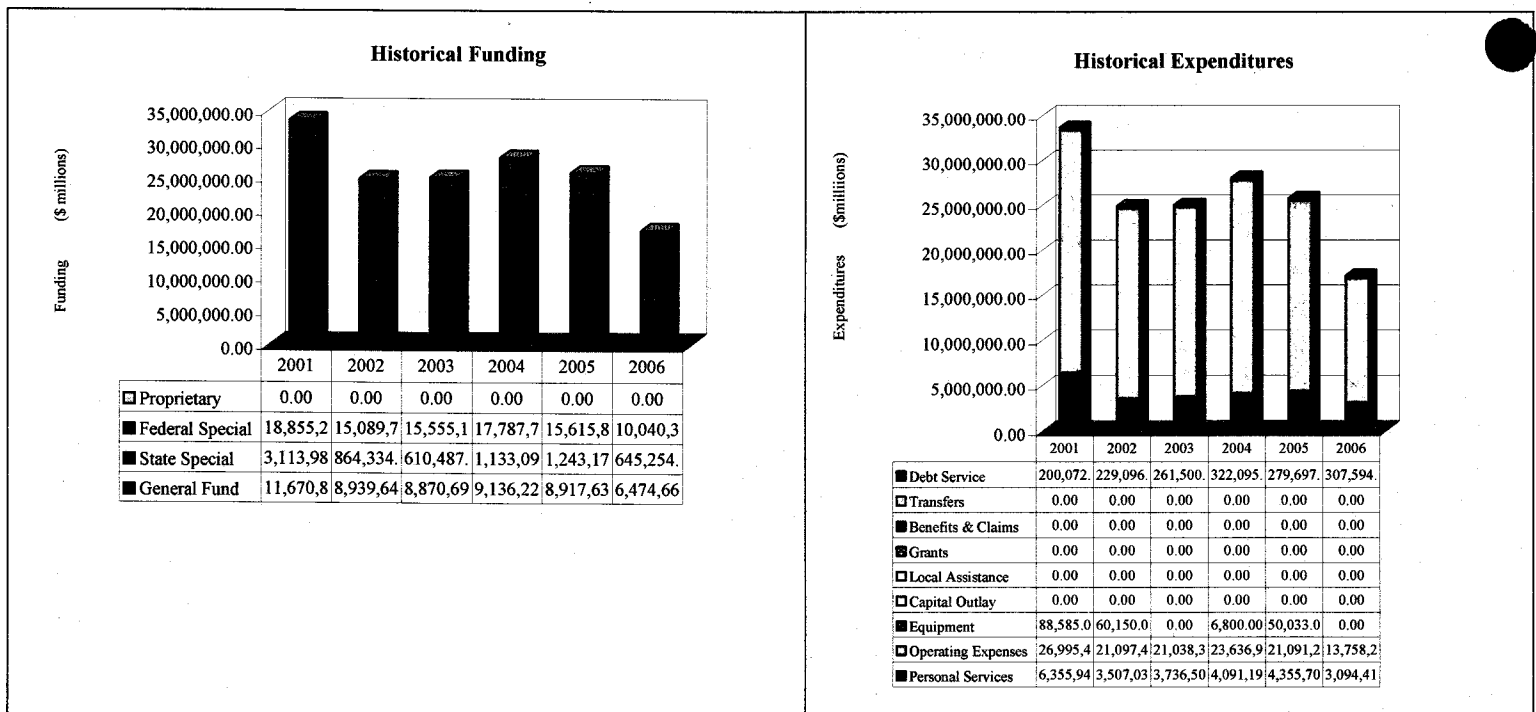Technology Services Division is organized into four bureaus:

- The External Systems Bureau provides project management for the major system development carried out using outside contractors. These systems include SEARCHS for child support enforcement, CAPS for children's protective services, TEAMS and CHIMES for Medicaid, TANF and food stamps eligibility determination, and Montana Access for electronic benefits.
- The Information Systems Bureau provides database management, user help desk services, and internal system development. Systems developed and maintained by internal programmers include ISERV, PERQS, AWACS, MICRS (all financial systems) and TIER (a patient management system used at Boulder and Warm Springs).
- The Network and Communications Bureau provides networking and desktop services to more than 3000 agency employees.
- The Business Strategies and Operations Bureau provides business, strategic, financial, human resources and facilities management services to the division.

Spending and Funding Information

The following figures show funding and expenditure information for FY 2006 for all sources of funding for the Technology Services Division.

FY 2006 Funding

- NB State Special $0
- Proprietary $0
- General Fund $6,474,663
- Federal Special $10,040,354
- State Special $645,254

FY 2006 First Level Expenditures

- Debt Service, $307,596
- Operating Expenses, $13,758,257
- Personal Services, $3,094,418

The following figures show funding and expenditures from FY 2001 through FY 2006, for HB 2 funding.

Historical Funding

	2001	2002	2003	2004	2005	2006
□ Proprietary	0.00	0.00	0.00	0.00	0.00	0.00
■ Federal Special	18,855,2	15,089,7	15,555,1	17,787,7	15,615,8	10,040,3
■ State Special	3,113,98	864,334.	610,487.	1,133,09	1,243,17	645,254.
■ General Fund	11,670,8	8,939,64	8,870,69	9,136,22	8,917,63	6,474,66

Historical Expenditures

	2001	2002	2003	2004	2005	2006
■ Debt Service	200,072.	229,096.	261,500.	322,095.	279,697.	307,594.
□ Transfers	0.00	0.00	0.00	0.00	0.00	0.00
■ Benefits & Claims	0.00	0.00	0.00	0.00	0.00	0.00
▩ Grants	0.00	0.00	0.00	0.00	0.00	0.00
□ Local Assistance	0.00	0.00	0.00	0.00	0.00	0.00
□ Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00
■ Equipment	88,585.0	60,150.0	0.00	6,800.00	50,033.0	0.00
□ Operating Expenses	26,995,4	21,097,4	21,038,3	23,636,9	21,091,2	13,758,2
■ Personal Services	6,355,94	3,507,03	3,736,50	4,091,19	4,355,70	3,094,41

The change in funding and expenditures between fiscal 2005 and 2006 resulted from a reorganization to move the Fiscal Services, Internal Support and Vital Records to a separate division (Business and Financial Services Division) and to move the department budget functions and management of the MMIS claims payment system to the Director's Office.

2007 BIENNIUM NEW PROGRAM IMPLEMENTATION AND PROGRAM EXPANSION

Program Expansion

The Technology Services Division did not implement or expand programs in the 2007 biennium.

FTE

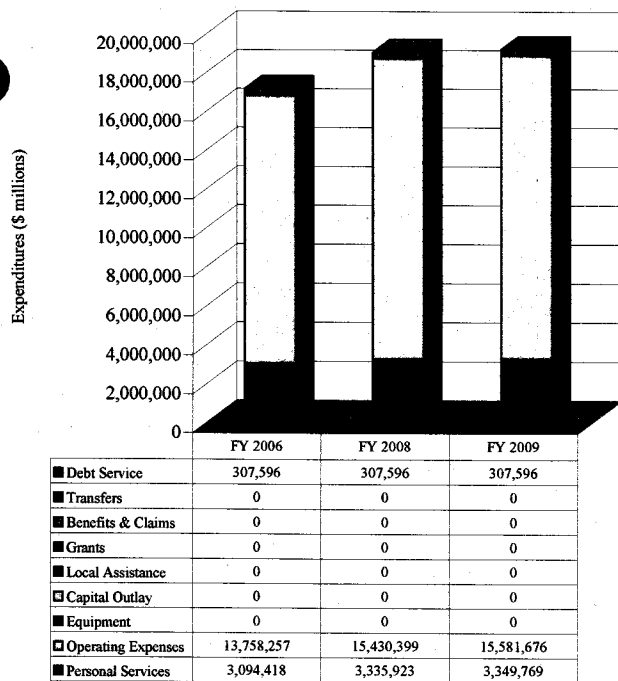The legislature did not approve appropriations for any additional FTE in the 2007 Biennium.

CORRECTIVE ACTION PLANS

The Technology Services Division did not receive any federal audit issues or corrective action plans during the 2007 biennium. Department legislative or federal audit issues or corrective action plans will be discussed in the Business and Financial Services Division presentation.
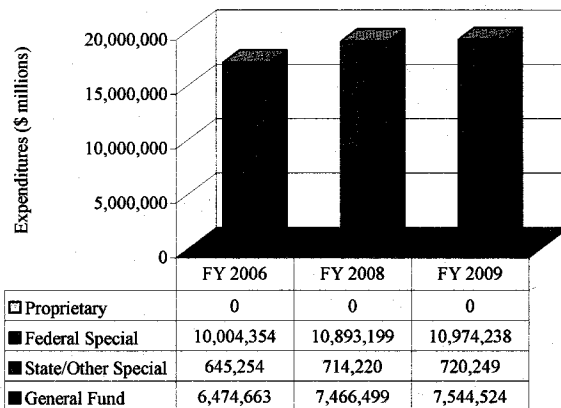
2009 BIENNIUM BUDGET

The following figures show the proposed HB 2 budget for the 2009 biennium.

Department of Publich Health and Human Services
2009 Bienium HB2 Budget

	FY 2006	FY 2008	FY 2009
■ Debt Service	307,596	307,596	307,596
■ Transfers	0	0	0
■ Benefits & Claims	0	0	0
■ Grants	0	0	0
■ Local Assistance	0	0	0
☐ Capital Outlay	0	0	0
■ Equipment	0	0	0
☐ Operating Expenses	13,758,257	15,430,399	15,581,676
■ Personal Services	3,094,418	3,335,923	3,349,769

Department of Publich Health and Human Services
2009 Bienium HB2 Budget

	FY 2006	FY 2008	FY 2009
☐ Proprietary	0	0	0
■ Federal Special	10,004,354	10,893,199	10,974,238
■ State/Other Special	645,254	714,220	720,249
■ General Fund	6,474,663	7,466,499	7,544,524

GOALS AND MEASURABLE OBJECTIVES

The Technology Services Division goals and objectives reflect the mission and charter of the division and the agency include:

Division-wide Strategic goals:

Goals	Objectives	Current Baseline
Comply with emerging State CIO requirements	*Develop and refine data security policies, project management policies and procurement policies which comply with emerging State CIO policy (indication of success -review and approval by State CIO)	New - no baseline

Bureau-Specific Goals:

External Systems Bureau – The mission of the External Systems Bureau is to provide state of the art support in technological areas critical to the efficient and effective development, implementation, enhancement and maintenance of major department data systems through the following:

Goals	Objectives	Current Baseline
Replace obsolete department data systems efficiently	*Keep all development projects at "green light" status with the State CIO's office at least 70% of the time	New- no baseline
	*Zero Development failures on major Dept systems (failures are defined as projects that significantly fail to meet sponsor needs due to cost, schedule or functionality problems)	No past development failures on major Dept systems
Provide efficient maintenance and enhancements to existing major systems	*Customer service rating of "good or excellent" at 85% by in house survey (no additional cost)	Current survey results: 65%
	*Below average cost for similar enterprises' maintenance and enhancements measured by benchmarks being researched and developed	New - no baseline

Information Systems Bureau - The mission of the Information Systems Bureau is to provide state of the art support in technological areas critical to the efficient and effective development, implementation, enhancement and maintenance of internal department systems through the following:

Goals	Objectives	Current Baseline
Provide efficient development, maintenance and enhancements to existing medium-sized systems	*Customer service ratings of "good or excellent" at 85% by in-house survey	New- no baseline
	*Below average cost for similar enterprises' maintenance and enhancements measured by benchmarks being researched and developed	New- no baseline
Help Desk	*Customer service rating of "good or excellent" at 85% by in-house survey	In house survey results: 85%

Network and Communications Bureau – The mission of the Network and Communications Bureau is to provide secure, reliable and efficient management of DPHHS networks and computers for all employees through the following:

Goals	Objectives	Current Baseline
Efficiently provide superior network and desktop services	*Customer service rating of "good or excellent" at 90% by in-house survey	In-house survey results: 90%
	*Below average cost for similar enterprises' network services measured by benchmarks being researched and developed	New - no baseline

Business Strategies and Operations Bureau – The mission of the Business Strategies and Operations Bureau is to provide full business, strategic, financial, human resources and facilities management to the division through the following:

Goals	Objectives	Current Baseline
Develop recruitment/training/retention plan	*Develop a workforce development/staffing plan	Plan in development no-baseline
	*Provide appropriate career-building training to every TSD staff in FY 2009	Over 1/2 staff with no annual Training

BUDGET AND POLICY ISSUES

The TSD has four bureaus with a total of 56.10 FTE and 125 contracted staff with outside vendors. The division is funded through a combination of general fund, state special revenue funds, and federal funds. The funding split for the division uses various allocation methods based on the types of services provided to the agency. These services include network connectivity, system design and maintenance, hardware and software support, and technology administration.

During FY 2006, the division reorganized to move the Medicaid Management Information System (MMIS) to the Director's Office and the Vital Records and Internal Support functions to the Business and Financial Services Division. These two reorganizations affected a move of 22.50 FTE and $16,529,608 appropriation authority ($4,762,394 general funds) over the biennium from the division. The reorganizations were completed to more closely align business functions by division and resulted in technology related only services remaining within the TSD.

The division has three present law decision package requests for consideration:

Decision Package:	90004
LFD Analysis Page No.:	B-119
Description:	CAPS System Facilities Management Increase
Total Biennial Request:	$220,064
Total Biennial GF Request:	$123,236

Justification: This present law adjustment is needed to fund the cost of living increase and one additional programmer for the Child and Adult Protective services (CAPS) maintenance contract.

Decision Package: 90007
LFD Analysis Page No.:   B-120
Description: Ongoing Support for DPHHS Security System
Total Biennial Request: $40,400
Total Biennial GF Request: $18,406
Justification: This request provides for the ongoing maintenance of the new Security System which recently automated the Department's security functions.

Decision Package: 90008
LFD Analysis Page No.:   B-120
Description: Ongoing Support for CHIMES
Total Biennial Request: $228,092
Total Biennial GF Request: $114,046
Justification: This request funds slightly higher hosting costs for the new CHIMES system when it is introduced in FY08 and runs on parallel platforms for a 6 month testing period.

SIGNIFICANT ISSUES EXPANDED

The major computer systems used in the agency are nearing or have reached their anticipated life span. The division is requesting funding through a long range information technology plan to procure services to replace TEAMS and CAPS. TEAMS will be split into separate systems for Medicaid, TANF and Food Stamp eligibility. A major enhancement to the MMIS system is also requested.

The major computer systems in the agency were developed before 1996 and are mainframe systems based on IDMS and COBOL programming languages. The systems no longer meet the needs of the users and do not meet mandated federal and reporting requirements. Finding programmers with the skills needed to develop, enhance and maintain the systems has become difficult, as a result, in some cases system enhancement and general maintenance has been delayed.

The division faces significant challenges in recruiting and retaining qualified staff. In FY2006 nearly $90,000 in vacancy savings was realized from positions that remained vacant despite critical need and active recruiting. Offering a competitive salary is one of the primary challenges; current personal services funding does not allow TSD to meet the higher salaries offered by other state agencies and by private sector business in this competitive technical job market. Establishment of a career ladder which includes meaningful training is also a major need.

The requests for funding of 3 major system replacements have been included in the long range information technology bill. These requests include:

System	Total Request	GF Request
TANF Eligibility	$16,225,000	$ 7,625,000
Medicaid Eligibility *	$ 1,100,000	$ 550,000
Food Stamps Eligibility	$13,070,000	$ 6,535,000
CAPS	$27,150,000	$15,204,000
ICD 10 (MMIS)	$ 3,000,000	$ 300,000
Total	$60,545,000	$30,214,000

* This project is currently being performed; this request is the estimated cost to complete movement of Medicaid Eligibility off of TEAMS.

Personal Services Questions – 2007 Session

1. Has the division implemented a broad band pay plan, agency-wide or for selected jobs?
   - The TSD has implemented a limited move to pay plan 20 affecting one bureau and several positions in the other three bureaus. It is planned that by the end of fiscal year 2007 that all positions within the division will be moved to the alternative Pay Plan 20.
   - If so, when was it implemented and what were the estimated cost increases in the year of implementation? No. There were no cost increases when the positions were moved to pay plan 20.
   - How were these costs funded (by holding vacant positions open, appropriations for other purposes that were unexpended, etc? The TSD is working to move all remaining employees to Pay Plan 20 in FY 2007. Vacancy savings have been reserved for use to assist if funding cost increases result from the move to Pay Plan 20.

2. At what percentage of market are new employees paid?
   - The response to this question is being developed agency-wide.

3. Did the division have vacant positions for a significant portion (6 months or more) of FY 2006?
   - Yes
   a. If yes, how many and why were these vacant?
   - Three positions were vacant for longer than 5 months; the division administrator position, and two information technology related positions. The IT job market is highly competitive so recruiting for open positions is challenging. On average, technology related positions remain vacant for six months.
   - For FY2007, TSD has four positions that have been vacant longer than six months. Three of these positions were vacant for four months in FY2006; one was vacant for all of FY 2006 and is still open. These positions are technology related positions with skills required in computer programming. The agency uses many older sometimes outdated programming languages adding to the difficulty in recruiting candidates who have specific skills working with these older languages. Generally, individuals who have those specific skills are working in the private sector and state salaries can not compete. The TSD has found it increasingly difficult to compete with the pay scales of the private sector in recruiting competent and skilled employees.
   b. How did the vacancies impact division operations?
   - The TSD uses several approaches to address problems that may occur as a result of vacant positions. The division hires temporary or emergency hire staff, or reassigns tasks within the bureaus. Staffing challenges require prioritization of projects, some lower priority projects can take two to three times as long to complete. Often outside must be hired at three times the cost to complete priority projects.

4. Did the division have authorized pay exceptions for pay plan 60 positions?
   - Five positions in the division received pay exceptions during FY2006.
   a. If yes, why?
   - These positions are IT related programmer and program manager positions working in a very highly competitive job market. Pay exceptions were granted for retention purposes.

5. Did the division have authorized position upgrades or downgrades for pay plan 60 positions?
   - Yes
   b. If yes, why?
   - Three positions in the division were re-classified during FY2006 to reflect increased complexity in assigned job duties.

6. What challenges does the division face in recruiting and retaining staff?
   - The TSD faces significant challenges in recruiting and retaining qualified staff. Offering a competitive salary is one of the primary challenges; it is difficult to meet the high salaries offered by private sector business in this job market. TSD has several systems using antiquated computer languages, finding staff with the skill set for these older languages is difficult. Often individuals who have these specific skills also have years of experience and hold positions with private sector companies that pay higher salaries.

a. What actions has the division taken to address recruitment and retention issues?
- The TSD utilizes training assignments for staff that may not have the older language skill sets. With the flexibility provided by Pay Plan 20 TSD will begin to design and implement progressive 'career ladders' within technology related positions and units to allow for growth in the division.

b. Is the division competing with other state agencies or the public sector for staff?
- The TSD competes with private sector business as well as other state agencies that have more money and can provide higher salary ranges.

7. Are division staff members represented by collective bargaining units?
- Yes

a. How many of the division staff are impacted by collective bargaining unit agreements?
- 51.10 FTE

b. What provisions are included in bargaining unit agreements, and how often are these agreements negotiated?
- Bargaining unit agreements are negotiated by the agency Human Resources bureau and the agency Human Resources chief personnel officer.

ISD Systems

#	System Acronym	System Name	ISB Support	ESB Support	Division Sponsor/Owner
1	AWACS Contracts Subsystem	Information Services - Timesheet System	ISB		All Divisions
2	ISERV - Timesheets	Information Services - Timesheet System	ISB		All Divisions
3	ISERV - Travel	Information Services - Travel System	ISB		All Divisions
4	PERQS	Purchasing Entry Receiving Query System	ISB		All Divisions
5	ADIS	Alcohol and Drug Information System	ISB		AMDD
6	CAS	Client Accounts System	ISB		AMDD
7	MHS	Mental Health System	ISB		AMDD
8	SAMS	Substance Abuse Management System	ISB		AMDD
9	RAS	Resident Accounts System	ISB		AMDD
10	KRONOS	Automated time and Attendance System	ISB		AMDD, DSD
11	Annual 1099 Reporting		ISB		AMDD, DSD, SLTCD
12	AR	Accounts Receivable	ISB		BFSD
13	AWACS	Agency Wide Accounting and Client System	ISB		BFSD
14	AWACS Fiscal Subsystem		ISB		BFSD
15	First Check in the County		ISB		BFSD
16	FORMS		ISB	ESB	BFSD
17	MICRS	Management Information and Cost Recovery System	ISB	ESB	BFSD
18	CAPS	Child and Adult Protective Services System	ISB	ESB	CFSD
19	SEARCHS	Agency Form Tracking System		ESB	CSED
20	SEARCHS Open Scan	System for the Enforcement and Recovery of Child Support		ESB	CSED
21	SEARCHS/SDNH	State Directory of New Hire	NCB	ESB	CSED
22	AWACS DDP Subsystem	Image-Based Payment Processing System	ISB		DSD
23	AWACS DDS Subsystem	Developmental Disabilities Program	ISB		DSD
24	AWACS VR Subsystem	Disability Determination Services	ISB		DSD
25	HASS	Vocational Rehabilitation	ISB		DSD
26	MTAP	Habilitation Aide Scheduling System	ISB		DSD
27	CCUBS	Montana Telecommunications Access Program	ISB	ESB	HCSD
28	CDS	Central Database System	ISB	ESB	HCSD
29	CDS Survey	Child Care Under the Big Sky	ISB		HCSD
30	CDS Wx Web	Survey Enhancement	ISB		HCSD
31	CDS/EA	Wx Web	ISB		HCSD
32	CDS/EES	Energy Audit Enhancement	ISB		HCSD
33	CDS/LIEAP	Energy Education System	ISB		HCSD
34	CDS/WXRL	Low Income Energy Assistance Program	ISB		HCSD
35	CHIMES	Weatherization Resource Library		ESB	HCSD
36	CSD/HMIS	Combined Health Care Information and Montana Eligibility System	ISB		HCSD
37	DIFSLA	Homeless Management Information System	ISB		HCSD
38	PARIS	Disclosure of Information to Federal, State and Local Agencies	ISB		HCSD
39	SansWrite	Public Assistance Reporting Information System	ISB		HCSD
40	TEAMS/MMIS	SansWrite Forms And Development Enterprise	ISB		HCSD
41	TEAMS/NDNH	MMA Return File Database	ISB		HCSD
42	EBT	National Directory of New Hire Match	ISB		HCSD
43	TEAMS	Montana Access Electronic Benefits Transfer System	ISB		HCSD, CSED, BFSD
44	BSRx	The Economic Assistance Management System	ISB		HCSD, QAD
	Big Sky Rx		ISB	ESB	HRD

#	Acronym	Description			
45	KIDS	Kids Insurance Determination System	ISB	ESB	HRD
46	TESS	The Eligibility Screening System	ISB		HRD
47	e!Sor	Electronic Statement of Remittance (Medicaid)	ISB		Medicaid
48	EFT	Electronic Funds Transfer enrollment system	ISB		Medicaid
49	Medicaid Payments		ISB		Medicaid
50	Presumptive Eligibility		ISB		Medicaid
51	Transportation	Automated Cost Recovery		ESB	OPCA
52	MTSS	Montana Syndronic Surveillance	ISB		PHSD
53	PHDS	Public Health Data System	ISB		PHSD
54	SIS	Search and Inquiry System	ISB		PHSD
55	WIC	Women Infants and Children	ISB		PHSD
56	WIZRD	Web-based Immunization Registry Database	ISB		PHSD
57	HIPPS	Health Insurance Premium Payment System	ISB	ESB	QAD
58	HITS	Hearings Information Tracking System	ISB		QAD
59	IDR	Informal Dispute Resolution	ISB		QAD
60	OPM	Operation Protect Montana	ISB	ESB	SLTC
61	MASTS	Montana Aging Services Tracking System	ISB		SLTCD
62	SAFARI	Security Access Forms and Request Inquiry	ISB	ESB	TSD
63	SMART	System Management And Request Tracking System	ISB		TSD
64	UAMS	User Access Management system	ISB		TSD